

Republic of the Philippines
ENERGY REGULATORY COMMISSION
San Miguel Avenue, Pasig City

**IN THE MATTER OF THE
APPLICATION FOR THE
APPROVAL OF THE
OVER/UNDER RECOVERIES
BASED ON THE FORMULA
FOR VARIOUS AUTOMATIC
COST ADJUSTMENTS AND
TRUE-UP MECHANISMS
AND CORRESPONDING
CONFIRMATION PROCESS
PURSUANT TO ERC
RESOLUTION NO. 16,
SERIES OF 2009, AS
AMENDED BY ERC
RESOLUTION NO. 21,
SERIES OF 2010 AND ERC
RESOLUTION NO. 23,
SERIES OF 2010,**

ERC CASE NO. 2017-030 CF

**IBAAN ELECTRIC
CORPORATION (IEC),
Applicant.**

X-----X

D O C K E T E D

Date: SEP 14 2017

By: W

ORDER

On 30 March 2017, an *Application* dated 24 March 2017 was filed by applicant Ibaan Electric Corporation (IEC) seeking the Commission's approval of the (over)/under-recoveries based on the formula on the various automatic cost adjustments and true-up mechanisms and corresponding confirmation process, pursuant to ERC Resolution No. 16, Series of 2009, as amended by ERC Resolution No. 21, Series of 2010 and ERC Resolution No. 23, Series of 2010.

IEC alleged the following in its Application:

1. That the Applicant is a private distribution utility existing pursuant to law with postal address at Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas, duly registered with the

Securities and Exchange Commission with Certificate No. 2777. Where it may be served with the processes of this Honorable Commission through its General Manager, MS. MARISON S. MAGPANTAY, whose authority to file this Application and represent the Applicant is authorized by the Board of Directors of the Applicant pursuant to Board Resolution 2017-01-04 which is hereto attached as Annex "A" and made an integral part of this Application. The undersigned counsel is likewise authorized by the Board through Board Resolution 2017-01-05 to act as the counsel of record for the applicant;

2. That Applicant's franchise area covers the following: (1) Ibaan Municipality including twenty-six (26) barangays; (2) Brgy. Adya at Lipa City; and (3) Brgy. Salaban at San Jose, Batangas.

3. That pursuant to ERC Resolution No. 16, Series of 2009 as amended by Resolution No. 21, Series of 2010 and Resolution No. 23, Series of 2010, Luzon Distribution Utilities (DUs) are directed to file their respective applications for the approval of the over/under recoveries on cost adjustments and true-up mechanism as follows:
 - a. Power Supplier Data Sheet;
 - b. Statistical Data Sheet;
 - c. Implemented Rates Data Sheet;
 - d. Power Bills of Power Suppliers;
 - e. Official Receipts issued by Power Suppliers;
 - f. Breakdown of Payment with OR, if payment is staggered;
 - g. Debit/Credit memo of power suppliers;
 - h. Transco/NGCP invoices;
 - i. Consumer Bills of lifeliners per level and non lifeliners per customer class;
 - j. Computation of Generation Rate;
 - k. Computation of System Loss Rate;
 - l. Computation of Transmission Rate;
 - m. Computation of Lifeline Rate;
 - n. Computation of Sr. Citizen Rate.

4. That the period covered for these over/under recoveries start from the year 2014 to 2016 or over three (3) years which is also the period proposed to be used for purposes of refund and/or collection of the over/under recoveries;

5. That the summary of the under/(over) recoveries for the three (3) years are summarized and presented below:

| | 2014 | 2015 | 2016 |
|----------------|----------------|---------------|----------------|
| GENERATION | | | |
| Allowable Cost | 106,471,220.00 | 98,847,789.81 | 109,435,592.90 |
| Actual Revenue | 107,515,275.21 | 98,122,667.75 | 111,633,001.18 |

ERC CASE NO. 2017-030 CF
ORDER/ 13 SEPTEMBER 2017
PAGE 3 OF 8

| | | | |
|--------------------------|-------------------|---------------------|-----------------------|
| (Over) / Under | (1,044,055.21) | 725,122.06 | (2,197,408.28) |
| TRANSMISSION | | | |
| Allowable Cost | 20,754,390.52 | 20,076,532.77 | 20,975,745.33 |
| Actual Revenue | 18,814,245.40 | 18,351,929.89 | 20,764,266.57 |
| (Over) / Under | 1,940,145.12 | 1,724,602.88 | 211,478.76 |
| SYSTEM LOSS | | | |
| Allowable Cost | 11,933,213.31 | 11,062,164.84 | 12,221,808.95 |
| Actual Revenue | 12,247,969.86 | 11,793,614.20 | 12,870,961.68 |
| (Over) / Under | (314,756.56) | (731,449.36) | (649,152.73) |
| LIFELINE | | | |
| Total Discounts | (3,484,642.06) | (3,403,396.90) | (1,738,356.76) |
| Total Subsidy | 3,789,831.36 | 3,696,104.77 | 2,307,394.75 |
| (Over) / Under | (305,189.30) | (292,707.87) | (569,037.99) |
| SENIOR CITIZEN | | | |
| Total Discounts | 47,119.70 | 50,409.13 | 15,540.24 |
| Total Subsidy | 77,404.01 | 79,368.86 | 184,084.30 |
| (Over) / Under | (30,284.31) | (28,959.73) | (168,544.06) |
| TOTAL | <u>245,859.75</u> | <u>1,396,607.98</u> | <u>(3,372,664.30)</u> |
| NET OVER RECOVERY | | | <u>(1,730,196.57)</u> |

6. That Applicant proposes to refund the net over recoveries of One Million Seven Hundred Thirty Thousand One Hundred Ninety-Six Pesos and 57/100 (Php 1,730,196.57) in three (3) years, starting in January 2018 – December 2020 as follows:

January 2018 to December 2020

| | |
|----------------------|-----------------------|
| Generation Cost | Php -0.037028 per Kwh |
| Transmission Cost | Php 0.057039 per Kwh |
| Systems Loss | Php -0.024947 per Kwh |
| Lifeline Discount | Php -0.017172 per Kwh |
| Sr. Citizen Discount | Php -0.003352 per Kwh |

PRAYER

WHEREFORE, foregoing premises considered, it is most respectfully prayed of this Honourable Commission, to approve the submitted calculations and computations made by the Applicant and the proposed repayment scheme.

Other reliefs consistent with justice and equity are likewise prayed for.

On 27 June 2017, finding the said Application to be sufficient in substance with the required fees having been paid, the Commission issued an Order setting the instant Application for determination of compliance with the jurisdictional requirements, Expository Presentation, Pre-Trial Conference, and presentation of evidence on 30 August 2017.

During the scheduled hearing on 30 August 2017, the case was called to order. Applicant IEC appeared through its counsel, Atty. Eleuterio F. Diao IV. As the Commission determined if Applicant IEC is compliant with the jurisdictional requirements provided in the Commission's Order dated 27 June 2017, the counsel manifested that they were not able to fully comply with the posting requirements of the Commission.

In view thereof, the proceedings was adjourned and the hearing of this case is hereby reset to **24 November 2017 at ten o'clock in the morning (10:00 A.M.) at the ERC Hearing Room, 15th Floor, Pacific Center Building, San Miguel Avenue, Pasig City.**

Accordingly, IEC is hereby directed to:

- 1) Cause the publication of the attached Notice of Public Hearing once (1x) in a newspaper of nationwide circulation in the Philippines at its own expense, the date of the publication to be made not later than ten (10) days before the scheduled initial hearing;

- 2) Furnish with copies of this Order and the attached Notice of Public Hearing the Offices of the Provincial Governor, the Cities and Municipal Mayors, and the Local Government Unit (LGU) legislative bodies within the affected franchise area for the appropriate posting thereof on their respective bulletin boards;
- 3) Inform of the filing of the Application, its reasons therefor, and of the scheduled hearing thereon, the consumers within the affected franchise area, by any other means available and appropriate;
- 4) Furnish with copies of this Order and the attached Notice of Public Hearing, the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress. They are hereby requested, if they so desire, to send their duly authorized representatives at the scheduled hearing; and
- 5) Furnish with copies of the Application and its attachments all those making requests therefor, subject to reimbursement of reasonable photocopying costs.

On the date of the hearing, Applicant must submit to the Commission its written compliance with the aforementioned jurisdictional requirements attaching therewith, methodically arranged and duly marked the following:

- 1) The evidence of publication of the attached Notice of Public Hearing consisting of affidavit of the Editor or Business Manager of the newspaper where the said Notice of Public Hearing was published, and the complete issue of the said newspaper;
- 2) The evidence of actual posting of this Order and the attached Notice of Public Hearing consisting of certifications issued to that effect, signed by the aforementioned Governor, Mayors, and LGU legislative bodies or their duly authorized representatives, bearing the seals of their offices;
- 3) The evidence of other means employed by Applicant to inform of the filing of the Application, its reasons therefore, and of the scheduled hearing thereon, the consumers within the affected franchise area;

- 4) The evidence of receipt of copies of this Order and the attached Notice of Public Hearing by the Office of the Solicitor General (OSG), the Commission on Audit (COA), and the Committees on Energy of both Houses of Congress;
- 5) The evidence of receipt of copies of the Application and its attachments by all those making requests therefor, if any; and
- 6) Such other proofs of compliance with the requirements of the Commission.

Applicant and all interested parties are also required to submit, at least five (5) days before the date of the scheduled hearing and Pre-Trial Conference, their respective Pre-Trial Briefs containing, among others:

- 1) A summary of admitted facts and proposed stipulation of facts;
- 2) The issues to be tried or resolved;
- 3) The documents or exhibits to be presented, stating the purposes and proposed markings therefore; and
- 4) The number and names of the witnesses, with their written testimonies in a Judicial Affidavit form attached to the Pre-trial Brief.

Failure of Applicant to comply with the above requirements within the prescribed period shall be a ground for cancellation of the scheduled hearing, and the resetting of which shall be six (6) months from the said date of cancellation.

(Intentionally left blank)

IEC must also be prepared to make an expository presentation of the instant Application, aided by whatever communication medium that it may deem appropriate for the purpose, in order to put in plain words and explain, for the benefit of the consumers and other concerned parties, what the Application is all about and the reasons and justifications being cited in support thereof.

SO ORDERED.

Pasig City, 13 September 2017.

FOR AND BY AUTHORITY
OF THE COMMISSION:



ALFREDO J. NON
Officer-in-Charge Chairman and CEO



LS/SLAN/ARC/GLS/APV

COPY FURNISHED:

1. Ibaan Electric Corporation (IEC)
Applicant
Metro-Rei Business Park, Brgy. Palindan, Ibaan, Batangas
2. Atty. Eleuterio F. Diao IV
Counsel for Applicant
1906 Bontong, Camaman-an, Cagayan de Oro City
3. Office of the Mayor
Ibaan, Batangas
4. Office of the LGU legislative body
Ibaan, Batangas
5. Office of the Mayor
San Jose, Batangas
6. Office of the LGU legislative body
San Jose, Batangas
7. Office of the Mayor
Lipa City, Batangas
8. Office of the LGU legislative body
Lipa City, Batangas

ERC CASE NO. 2017-030 CF
ORDER/ 13 SEPTEMBER 2017
PAGE 8 OF 8

9. Office of the Governor
Province of Batangas
10. Office of the LGU legislative body
Province of Batangas
11. Office of the Solicitor General
134 Amorsolo Street, Legaspi Village, Makati City
12. Commission on Audit (COA)
Commonwealth Avenue, Quezon City
13. Senate Committee on Energy
GSIS Bldg. Roxas Blvd., Pasay City
14. House Committee on Energy
Batasan Hills, Quezon City
15. Philippine Chamber of Commerce and Industry (PCCI)
3rd Floor, Chamber and Industry Plaza (CIP),
1030 Campus Avenue corner Park Avenue,
McKinley Town Center, Fort Bonifacio, Taguig City
16. Regulatory Operations Service (ROS)
(Investigation and Enforcement Division [IED])
Energy Regulatory Commission (ERC)
17th Floor, Pacific Center Bldg., San Miguel Avenue, Pasig City